

Message Text

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ORIGIN EA-14

INFO OCT-01 EUR-25 NEA-10 ADP-00 IO-12 H-02 L-03 PRS-01

PA-03 USIA-12 CEA-02 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

SAL-01 INRE-00 /192 R

DRAFTED BY EA/ ROC; MEMCDONNELL - EB/ IFD/ ODF: TCSCHAFER; BDS

4/4/73 EXT 21321

APPROVED BY EA: HHBARGER

EA - MR. BARDACH

EB/ IFD/ ODF - MR. BENEDICK

EA/ ROC - MOSER

EA/ J - MR. PIEZ

IO/ UNP - MR. SCHALLER

TREASURY - MR. ARGENTO

EA/ PRCM - MR. METSON; MR. ROMBERG

----- 111321

P R 050009 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY CANBERRA PRIORITY

AMEMBASSY JAKARTA PRIORITY

AMCONSUL KARACHI PRIORITY

AMEMBASSY KUALA LUMPUR PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY MANILA PRIORITY

AMEMBASSY NEW DELHI PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY SAIGON PRIORITY

AMEMBASSY SEOUL PRIORITY

AMEMBASSY TOKYO PRIORITY

AMEMBASSY WELLINGTON PRIORITY

INFO AMEMBASSY TAIPEI

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C O N F I D E N T I A L STATE 062572

MANILA: JOINT STATE- TREASURY MESSAGE FOR EMBASSY AND
USADB

E. O. 11652: GDS

TAGS: EFIN, TW, CH, ADB

SUBJECT: REPUBLIC OF CHINA AT ADB ANNUAL MEETING

1. USG, REPUBLIC OF CHINA (ROC), AND PRESIDENT INOUE OF ADB HAVE NOT HEARD THAT ANY MEMBER INTENDS TO CHALLENGE PARTICIPATION OF ROC AT ANNUAL MEETING OF ADB IN MANILA APRIL 26-28. PROCEDURAL RULES REQUIRE THAT ITEMS BE PLACED ON AGENDA 30 DAYS BEFORE MEETING; CHINESE REPRESENTATION ITEM HAS NOT BEEN SUBMITTED.

2. AFTER CONSULTATION WITH ROC ABOUT STRATEGY FOR PROTECTING ITS PLACE IN ADB, WE HAVE CONCLUDED THAT IT IS UNNECESSARY TO UNDERTAKE WIDESPREAD DISCUSSIONS WITH OTHER GOVERNMENTS AS WE DID BEFORE ANNUAL MEETINGS OF IMF/ IBRD LAST SEPTEMBER. FURTHER, WE BELIEVE THAT TOO MUCH TALK IN ADVANCE OF MEETING COULD STIMULATE CHALLENGE.

3. FOR BANGKOK, BONN, LONDON, MANILA, OTTAWA, SAIGON, SEOUL: AGAINST POSSIBILITY THAT SUBJECT WILL NONETHELESS COME UP WITHOUT FORMAL INCLUSION ON AGENDA, YOU SHOULD APPROACH YOUR ALREADY ESTABLISHED CONTACTS IN HOST GOVERNMENT WITH LOW- KEY REMINDER THAT US POSITION ON ROC PARTICIPATION HAS NOT CHANGED SINCE LAST YEAR, LEAVING NO DOUBT ABOUT OUR POSITION:

A. USG STRONGLY SUPPORTS CONTINUED PARTICIPATION OF ROC IN INTERNATIONAL FINANCIAL INSTITUTIONS (IFI' S), INCLUDING ADB. DEALINGS OF ALL IFI' S WITH ROC HAVE BEEN ON BASIS OF TAIWAN ECONOMY ONLY. IN CASE OF ADB, ROC JOINED BANK WELL AFTER DEPARTURE OF NATIONALISTS FROM MAINLAND AND ITS SUBSCRIPTION IS CLEARLY BASED ONLY ON TAIWAN ECONOMY.

B. WE HAVE NO INDICATION THAT ROC MEMBERSHIP WILL BE CHALLENGED AT ADB MEETING IN APRIL.

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C. ADB MANAGEMENT CLEARLY WISHES TO AVOID INTRUSION

OF POLITICAL FACTORS WHICH WOULD INTERFERE WITH OBJECTIVE EXAMINATION OF ECONOMIC AND FINANCIAL ISSUES. WE BELIEVE DEBATE ON ROC PARTICIPATION WOULD INEVITABLY TRIGGER POLEMICAL DISCUSSION WHICH WE CONSIDER INAPPROPRIATE AND POSSIBLY DAMAGING TO A BASICALLY ECONOMIC AND FINANCIAL INSTITUTION SUCH AS ADB.

D. ADB PRESIDENT INOUE REGARDS ROC AS MEMBER IN GOOD STANDING AND VIEWS SUBSTANTIAL OUTSTANDING INDEBTEDNESS OF ROC TO BANK AS IMPORTANT FACTOR IN MEMBERSHIP ISSUE.

E. ADB IS NOT BOUND TO FOLLOW ANY DECISIONS OF UN, FROM WHICH IT IS WHOLLY INDEPENDENT.

F. PRC CONTINUES TO SHOW NO INCLINATION TO PARTICIPATE IN IFT'S.

G. IN EVENT THAT CHALLENGE SHOULD ARISE, STEPS SHOULD BE TAKEN TO KEEP THE MATTER FROM FLOOR DEBATE AND VOTE.

H. US HOPES THAT OTHER GOVERNMENTS SHARE THESE VIEWS. PLEASE REPORT ANY REACTIONS AND ASSESSMENT HOST COUNTRY POSITION ASAP.

4. FOR CANBERRA, KARACHI, KUALA LUMPUR, NEW DELHI, WELLINGTON: USE ABOVE POINTS, OMITTING POINT G, IF ASKED ABOUT US POSITION.

5. FOR TOKYO; TO PREVENT ANY MISUNDERSTANDING OF OUR POSITION BY JAPAN AND TO REENFORCE JAPAN'S APPARENT WISH THAT A CHALLENGE BE AVOIDED, EMBASSY IS REQUESTED TO COVER ABOVE POINTS IN ORAL REPRESENTATION TO FOREIGN OFFICE AND TO GOJ GOVERNOR OF ADB. YOU SHOULD POINT OUT THAT WE CONSIDER JAPANESE COOPERATION IMPORTANT TO SUCCESS IN FACING ANY POSSIBLE CHALLENGE TO ROC PARTICIPATION. EMBASSY MAY WISH TO ADD OUR UNDERSTANDING THAT ADB PRESIDENT INOUE SHARES OUR HOPE THAT ISSUE WILL NOT ARISE, REGARDS ROC AS MEMBER IN GOOD STANDING, AND VIEWS SUBSTANTIAL OUTSTANDING INDEBTEDNESS OF ROC TO ADB AS FACTOR LESSENING PROBABILITY OF EXPULSION.
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6. FOR MANILA FOR USADB: US EXECUTIVE DIRECTOR'S OFFICE IS REQUESTED TO SPEAK INFORMALLY WITH COLLEAGUES IN MANILA TO ACQUAINT THEM WITH CONTINUED US SUPPORT FOR ROC IN ADB BUT NOT TO ASK THEM TO DETERMINE OFFICIAL POSITION OF THEIR

GOVERNMENTS. USADB MAY DRAW UPON PARAS 3 AND 5 ABOVE.

7. FOR JAKARTA: YOU SHOULD APPROACH WARDHANA AND EXPRESS OUR APPRECIATION FOR WARDHANA'S SUPPORT AT THE IMF/IBRD ANNUAL MEETINGS LAST FALL. AFTER OUTLINING OUR POSITION, YOU SHOULD SAY THAT WE HOPE HE WILL ONCE AGAIN BE ABLE TO SUPPORT CONTINUED ROC PARTICIPATION, THIS TIME AS CHAIRMAN OF ADB ANNUAL MEETING. OUR TENTATIVE THINKING IS TO FOLLOW BASICALLY SAME CONTINGENCY PLANS WE HAD WORKED OUT FOR THE IMF/IBRD MEETING LAST FALL, I. E., TO REFER ANY CHALLENGE TO STUDY COMMITTEE OF EXECUTIVE DIRECTORS. WE WOULD APPRECIATE EARLY REPORTING OF WARDHANA'S REACTION.
ROGERS

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